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PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation

CENTRAL BOARD OF DIRECT TAXES

NOTIFICATION

WEALTH-TAX

New Delhi, the 3rd November 1965

G.S.R. 1684.—In exercise of the powers conferred by section 46 of the Wealth-tax Act, 1957, the Central Board of Direct Taxes hereby makes the following rules further to amend the Wealth-tax Rules, 1957, namely:—

1. These rules may be called the Wealth-tax (Second Amendment) Rules, 1965.

2. In the Wealth-tax Rules, 1957,—

(a) in rule 1A, after clause (e), the following clause shall be inserted, namely:—

"(f) 'written down value' shall have the same meaning as in the Income-tax Act, 1961 (43 of 1961).";

(b) after rule 2, the following rules shall be inserted, namely:—

"2A. *Determination of the net value of assets of business as a whole.*—Where the Wealth-tax Officer determines under clause (a) of sub-section (2) of section 7 the net value of the assets of the business as a whole having regard to the balance sheet of such business, he shall make the adjustments specified in rules 2B, 2C, 2D, 2E, 2F and 2G.

2B. *Adjustments in the value of an asset, disclosed in the balance sheet.*—

(1) The value of an asset disclosed in the balance sheet shall be taken to be—

(a) in the case of an asset on which depreciation is admissible, its written down value;

(b) in the case of an asset on which no depreciation is admissible, its book value;

(c) in the case of closing stock, its value adopted for the purposes of assessment under the Income-tax Act, 1961 for the previous year relevant to the corresponding assessment year.

(2) Notwithstanding anything contained in sub-rule (1) where the market value of an asset exceeds its written-down value or its book value or the value adopted for purposes of assessment under the Income-tax Act, 1961, as the case may be, by more than 20 per cent., the value of that asset shall, for the purposes of rule 2A, be taken to be its market value.

2C. *Adjustments in the value of an asset not disclosed in the balance sheet.*—The value of an asset not disclosed in the balance sheet shall be taken to be—

(a) in the case of a debt due to the assessee, the amount due to the assessee under that debt, and where such amount or part thereof has been allowed as a deduction under clause (vii) of sub-section (1) of section 36 of the Income-tax Act, 1961 in computing the total income of the assessee for the relevant year for the purposes of assessment under that Act, the amount of the debt as reduced by the deduction to be allowed;

(b) in the case of goodwill purchased by the assessee for a price, its market value or the price actually paid by him, whichever is less;

(c) in the case of managing agency rights purchased by the assessee for a price, its market value or the price actually paid by him, whichever is less;

(d) in the case of any other asset, its market value on the valuation date.

2D. *Value of certain assets not to be taken into account.*—The value of the following assets which are disclosed in the balance-sheet shall not be taken into account for the purposes of rule 2A:—

(a) any amount paid as advance tax under section 18A of the Indian Income-tax Act, 1922 or under section 210 of the Income-tax Act 1961;

(b) the debt due to the assessee according to the balance-sheet or part thereof which has been allowed as a deduction under clause (vii) of sub-section (1) of section 36 of the Income-tax Act, 1961 for the purposes of assessment for the previous year relevant to the corresponding assessment year under that Act;

(c) the value of any asset in respect of which wealth-tax is not payable under the Act;

(d) any amount shown in the balance sheet including the debit balance in the profit and loss account or the profit and loss appropriation account which does not represent the value of any asset.

2E. *Value of certain liabilities not to be taken.*—The following amounts shown as liabilities in the balance sheet shall not be taken into account for the purposes of rule 2A:—

(a) Capital employed in the business other than that attributable to borrowed money;

(b) reserves by whatever name called;

(c) any provision made for meeting any future or contingent liability;

(d) any debt owed by the assessee which has been specifically utilised for acquiring an asset in respect of which wealth-tax is not payable under the Act:

Provided that where it is not possible to calculate the amount of debt so utilised, it shall be taken as the amount which bears the same proportion to the total of the debts owed by the assessee as the value of that asset bears to the total value of the assets of the business.

Explanation.—Provision for taxation or other purposes shall be treated as reserves.

2F. *Liabilities not disclosed in the balance sheet.*—Any debt relating to the business owed by the assessee which is not disclosed in the balance sheet, shall be allowed as a deduction for the purpose of rule 2A:

Provided that a contingent liability shall not be treated as a debt owed.

2G. *Special provision for exclusion of certain assets and liabilities shown in the balance sheet.*—(1) Notwithstanding anything contained in rules 2B, 2D and 2E but subject to sub-rule (2), where the Wealth-tax Officer is of the opinion that any asset, or liability which is a debt owed by the assessee, shown in a balance sheet does not really pertain to the business as such, he may exclude the value of the asset or the debt for the purposes of rule 2A.

(2) The value of any such asset or debt shall be taken into account for the purposes of assessment to wealth-tax under any provision of the Act other than sub-section (2) of section 7, if it so provided."

[No. W.T. 3/1965 (2/1/65-WT).]

JAGDISH CHAND, Secy.

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